



October 22, 2014

Tony Clark
President
Nebraska Christian College
12550 South 114th Street
Papillion, NE 68046

UPS: 1ZA879640290740229

RE: **Final Program Review Determination**
OPE ID: 01297600
PRCN: 201330728266

Dear President Clark:

The U.S. Department of Education's (Department's) School Participation Team – Kansas City issued a program review report on September 13, 2013 covering Nebraska Christian College's (NCC) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2011-2012 and 2012-2013 award years. NCC's response was received on October 28, 2013. A copy of the program review report (and related attachments) and the institution's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by NCC upon request. The Department has made final determinations based on information obtained during the program review and from documentation already submitted by NCC. This Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

This FPRD contains one or more findings regarding NCC's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

The total liabilities due from the institution from this program review are \$2,430.00.

This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

Federal Student Aid

AN OFFICE of the U.S. DEPARTMENT of EDUCATION
School Participation Division – Kansas City

1010 Walnut Street, Suite 336, Kansas City, MO 64106
StudentAid.gov

The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A: Student Sample and Appendix B: Additional Files Reviewed. In addition, Appendices A, B and C also contain PII. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the September 13, 2013 program review report. If NCC wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date NCC receives this FPRD. An original and four copies of the information NCC submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

NCC's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to NCC's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds**

rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).

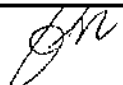
Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(c)(1), (c)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Bridget Johnston at 816-268-0417. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

 Ralph LoBosco
Division Director

Enclosure:
Protection of Personally Identifiable Information

cc: Sarah Nigro, Financial Aid Administrator
Nebraska Department of Education
Association for Biblical Higher Education

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for
Nebraska Christian College

Federal Student Aid
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OPE ID: 01297600
PRCN: 201330728266

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division-Kansas City

Final Program Review Determination October 22, 2014

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A. Institutional Information

Nebraska Christian College
12550 South 114th Street
Papillion, NE 68046-4256

Type: Private, Nonprofit

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: Association for Biblical Higher Education

Current Student Enrollment: 125 (2012-2013)

% of Students Receiving Title IV: 74%

Title IV Participation (G5, Fiscal Operations Report)

	<u>2011-12</u>
Federal Pell Grant	\$284,352.00
Supplement Education Opportunity Grant (SEOG)	15,788.00
Federal Direct Loan (DL)	705,069.00
Perkins Loan	0.00
Federal Work Study	9,401.00

Default Rate FFEL/DL:	2011	10.7%
	2010	10.6%
	2009	11.7%

Default Rate Perkins:	N/A
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B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Nebraska Christian College (NCC) from April 29, 2013 to May 3, 2013. The review was conducted by Mr. Rick Moore and Ms. Kathy Feith.

The focus of the review was to determine NCC's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV, HEA programs. The review consisted of, but was not limited to, an examination of NCC's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2011-12 and 2012-13 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, seven files were selected for further review of Return of Title IV calculations, Federal SEOG, and Federal Pell Grant funds. Appendix A and Appendix B list the names and partial social security numbers of the students whose files were examined during the program review. A program review report was issued on September 13, 2013.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning NCC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve NCC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

Findings 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 17.

NCC has taken the corrective actions necessary to resolve findings 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 17 of the program review report. Therefore, these findings may be considered closed. Copies of NCC's response to the Program Review Report (PRR) and interim correspondence resolving these issues can be found in Appendix G and I. Findings requiring further action by NCC are discussed below.

Resolved Findings with Comments

The following program review findings have been resolved by the institution, and may be considered closed. These findings are included solely for the purpose of discussing resolution of the finding.

Finding 14: Crime Awareness Requirements Not Met - No Annual Security Report

Citation: *The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in 34 C.F.R. § 668.46(b). With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements. § 485(f) of the HEA; 34 C.F.R. § 668.46(b).*

The ASR must be published and actively distributed as a single document. Acceptable means of delivery include regular U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. § 668.41(e) (1) These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. § 668.41 (e) (4).

An institution's ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hate crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs; illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. § 668.46(c) (1).

The ASR also must include several policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the ASR itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. As noted above, all required statistics and policies must be included in a single comprehensive document.

Each institution must also submit its crime statistics to the Secretary for inclusion in the Department's "Campus Safety and Security Data Analysis Cutting Tool."
34 C.F.R. § 668.41(e) (5).

Noncompliance Summary: *NCC violated multiple provisions of the Clery Act. Specifically, the Institution failed to prepare and publish a materially-complete ASR and distribute it to all current students and employees in the required manner.*

Department officials were able to confirm that NCC did in fact develop some campus safety policies and procedures and also published select campus crime statistics of the type required by the Clery Act; however, this material was never incorporated into a single publication containing all of the campus crime statistical data and policy disclosures required by 34 C.F.R. § 668.46(b). The ASR distribution violation logically follows from NCC's persistent failure to publish an ASR as required by the Clery Act and its Program Participation Agreement (PPA).

As a result of this systemic failure, the Department finds that NCC has failed to ever meet the ASR active distribution and notification requirements. The Department's review indicates that this compliance failure has persisted since the Clery Act (and its forerunner, the Student-Right-To-Know and Campus Security Act of 1990) was enacted.

NCC also failed to maintain a crime log. The Clery Act and the Department's regulations require institutions with a campus police or security department to maintain a written, easily understood daily crime log listing all crimes that occurred 1) on campus, including residence halls, 2) in non-campus buildings or on non-campus property, 3) on public property within the campus or immediately adjacent to and accessible from the campus, or 4) within the campus police or security department's patrol jurisdiction area. This reporting requirement applies to all crimes, not merely those crimes listed in 34 C.F.R. § 668.46(c) (1) and (3) of the Clery Act.

Failure to publish an accurate and complete ASR and to actively distribute them in accordance with Federal regulations deprives the campus community of important security information that can empower its members to be informed and play an active role in their own safety and security.

Required Action Summary: *As a result of this violation, NCC must develop and implement policies and procedures that will govern the preparation, publication, and distribution of ASR and ensure that all facets of the process are carried out in a manner that meets Federal regulations. The procedures must also specifically articulate how prospective students and employees will be notified of the report's availability. Using the policies as a guide, NCC must prepare and publish an accurate and complete ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. § 668.46(b). A copy of the Institution's new and revised policies and procedures and its draft 2013 ASR must accompany its response to this program review report. Once the ASR is evaluated by the review team for accuracy and completeness, the Institution will be required to actively distribute it to all current students and employees in accordance with 34 C.F.R. § 668.41(e). In this case, NCC will be permitted to incorporate the required changes into its next regularly-scheduled ASR, which must be actively distributed no later than October 1, 2013.*

Finally, NCC will be required to provide documentation to the Department evidencing the ASR distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification must also affirm that the Institution understands all of its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the Clery Act that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. NCC will be given an opportunity to develop and distribute an accurate and complete ASR, and in so doing, finally begin to bring its overall campus security program into compliance with the Clery Act as required by its PPA. However, the Institution is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the

Department will impose an adverse administrative action and/or require additional corrective measures.

NCC officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) during the preparation of its response. The handbook is available online at: <http://www2.ed.gov/admins/lead/safety/handbook.pdf>. The regulations governing the Clery Act can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Based on an evaluation of all available information including NCC's response, the Department will determine if additional actions will be required and will advise the Institution accordingly in its FPRD.

NCC's Response: In its response, NCC concurred with the finding and stated that it has implemented the required actions noted in the Department's report, including the production of the College's first ASR. In addition, College officials represented that incidents of crime reported are now tracked on a daily basis and that a log of such reports is now maintained in the required format. Management also stated that NCC developed and implemented all required campus safety policies and procedures and that such information was included in the College's initial ASR and will also be included in all future reports, as required in the Department's report. Finally, the College submitted copies of documents in support of its claims including an e-mail showing that the ASR developed pursuant to this finding was distributed to students and employees.

Final Determination: Finding #14 of the program review report cited NCC for its failure to publish a 2012 ASR as well as the resultant failure to actively distribute such a report to enrolled students and current employees. In addition, the review team found that NCC did not maintain a daily crime log even though the College does have a public safety presence on the campus. As a result of these violations, NCC was required to develop and implement internal policies and procedures related to *Clery Act* compliance and to produce an accurate and complete ASR and submit the draft report to the review team for approval. Once approved, the College was required to actively distribute it in the required manner. Finally, NCC was required to establish and maintain a daily crime log. In its response, the College concurred with the finding and stated that remedial action was taken and submitted documents in support of its claims.

The Department carefully examined NCC's narrative response and supporting documentation. The review team's examination showed that the identified violations were, for the most part, satisfactorily addressed by the College's response and its initial ASR. Based on that review and NCC's admission of noncompliance, the violations identified in the finding are sustained. The Department also determined that NCC's corrective action plan meets minimum requirements. For these reasons, the Department has accepted NCC's response and considers this finding to be closed for the purposes of this program review. Nevertheless, the officials and directors of NCC are put on notice

that they must continue to develop the College's campus safety program and also must take any additional action that may be needed to fully address the deficiencies and weaknesses identified by the Department as well as any other deficiencies that were detected during the preparation of the College's response to the Department's report and as may otherwise be needed to ensure that these violations do not recur.

Although this program review finding is now closed, NCC is reminded that the exceptions identified above constitute very serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" violations of this type once they occur. NCC was required to take remedial actions and by doing so, has taken the initial steps toward full compliance with the *Clery Act* as required by its Program Participation Agreement (PPA). Nevertheless, NCC officials must understand that persistent compliance failures of the type documented in this case deprived students and employees of important campus security information to which they are entitled. For these reasons, the College is advised that its recent remedial efforts cannot and do not diminish the seriousness of these violations nor do these efforts eliminate the possibility that the Department will impose an adverse administrative action and/or additional corrective measures as a result.

In light of the serious consequences associated with compliance failures of this type, the Department strongly recommends that NCC re-examine its campus security, fire safety, and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with Federal regulations. As part of these periodic reviews, NCC officials are encouraged to consult the Department's "Handbook for Campus Safety and Security Reporting" (2011) as a reference guide for *Clery Act* compliance. The Handbook is online at: www2.ed.gov/admins/lead/safety/handbook.pdf. The Department also provides a number of other *Clery Act* training resources. NCC can access these materials at: www2.ed.gov/admins/lead/safety/campus.html. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Finding 15: Failure to Compile an Annual Fire Safety Report

Citation: *As of October 1, 2010, the Clery Act and the Department's regulations require that all institutions that receive Title IV, HEA funds and maintain an on-campus student housing facility must, by October 1 of each year, prepare, publish and distribute to its current students and employees through appropriate publications and mailings, an AFSR that contains, at a minimum, all of the statistical and policy elements described in 34 C.F.R. § 668.49(b). These institutions must disclose fire statistics for each on-campus student residential facility for the three most-recent calendar years. An institution's statistics must accurately and completely identify the number of on-campus fires and the cause of each fire, the number of persons who sustained fire-related injuries that resulted in treatment at a medical facility (including on-campus health centers), the number of*

fire-related deaths, and the dollar value of property damage caused by such fires. 34 C.F.R. § 668.49(c)

In addition, the AFSR must include several fire safety information disclosures covering topics such as the type(s) of fire safety systems that are used in each student housing facility, the number of fire drills that were conducted during the previous calendar year, any institutional policies, procedures, and programs regarding: 1) the use and/or possession of portable electrical appliances; 2) smoking and the use/presence of open flames in student housing facilities; 3) evacuation procedures to be followed in the case of a fire; 4) fire safety education and training programs; 5) the institutional official(s) and departments to whom students and employees should report the occurrence of fires so that those incidents can be included in the institution's annual fire statistics; and, 6) any plans for future improvements to the institution's fire safety program. 34 C.F.R. § 668.49(b)

The AFSR must each be published and distributed as materially-complete, comprehensive publication. If an institution chooses to combine the ASR and AFSR and publish them as a single document then the title of both reports must conspicuously appear of the cover page. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all current students and employees that includes a direct link to each report (exact electronic address), a description of its contents, as well as an advisement that a paper copy will be provided upon request. The Department's regulations also require participating institutions to provide a notice to all prospective students and employees that includes a statement about the AFSR's availability, the content of each report, and the exact electronic address of each report, if posted to an internet or intranet site. This notice must also advise interested parties how to obtain a paper copy of the AFSR.

Finally, an institution is required to submit its campus crime and fire statistics to the Secretary on an annual basis. 34 C.F.R. § 668.41(e) (1)-(6)

Noncompliance Summary: *NCC violated multiple provisions of the Clery Act fire safety requirements. Specifically, the Institution failed to publish an AFSR and actively distribute it to current students and employees*

As a result of this systemic failure, the Department finds that NCC has failed to ever meet the AFSR active distribution and notification requirements.

Failure to publish an accurate and complete AFSR and to actively distribute it to students and employees deprives interested persons of important fire safety information to which they are entitled. Access to this information permits campus community members, especially those who live in campus housing, to make well-informed decisions about

where to work and study and empowers them to play a more active role in their own safety and security.

Required Action Summary: *As a result of this violation, NCC must develop and implement policies and procedures that will govern the preparation, publication, and distribution of the AFSR and ensure that all facets of the process are carried out in a manner that meets Federal regulations. The procedures must also specifically articulate how prospective students and employees will be notified of the report's availability.*

Using the policies as a guide, NCC must prepare and publish an accurate and complete AFSR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. § 668.49(b). A copy of the Institution's new and revised policies and procedures and its draft 2013 AFSR must accompany its response to this program review report. Once the AFSR is evaluated by the review team for accuracy and completeness, the Institution will be required to actively distribute it to all current students and employees in accordance with 34 C.F.R. § 668.41(e). In this case, NCC will be permitted to incorporate the required changes into its next regularly-scheduled AFSR, which must be actively distributed no later than October 1, 2013.

Finally, NCC will be required to provide documentation to the Department evidencing the distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification must also affirm that the institution understands all of its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the Clery Act's fire safety requirements that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. NCC will be given an opportunity to publish and distribute an accurate and complete AFSR and in so doing, begin to bring its overall fire safety program into compliance with the Clery Act as required by its PPA. While enhanced safety is the Department's primary focus, we note that such improvements will likely result in a better risk management environment for the Institution as well. Nevertheless, the Institution is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures.

Based on an evaluation of all available information including NCC's response, the Department will determine if additional actions will be required and will advise the Institution accordingly in its FPRD.

NCC's Response: In its response, NCC concurred with the finding and stated that it has implemented the required actions noted in the Department's report, including the

production of the College's first AFSR. In addition, College officials represented that all fire reports are now tracked on a daily basis and that a log of such reports is now maintained in the required format. Management also stated that NCC developed and implemented all required fire safety policies and procedures and that this information was included in the College's initial AFSR, as required by the Department. Finally, the College submitted copies of documents in support of its claims including an e-mail showing that the initial AFSR was distributed to students and employees.

Final Determination: Finding #15 of the PRR cited NCC for its failure to publish a 2012 AFSR as well as the resultant failure to actively distribute such a report to enrolled students and current employees. In addition, the review team found that NCC did not maintain a fire log. As of October 1, 2010, Federal regulations at *34 CFR § 668.49* require each institution that maintains an on-campus student housing facility to develop and implement a compliant fire safety program and as part of that process, must produce an AFSR and maintain a fire log. As a result of these violations, NCC was required to develop and implement internal policies and procedures related to compliance with the *Clery Act's* fire safety requirements. In addition, the College was required to produce an accurate and complete AFSR and submit the draft report to the review team for approval. Once approved, the College was required to actively distribute it in the required manner. Finally, the College was required to establish and maintain a daily fire log. In its response, NCC concurred with the finding and stated that remedial action was taken and submitted documents in support of its claims.

The Department carefully examined NCC's narrative response and supporting documentation. The review team's examination showed that the identified violations were, for the most part, satisfactorily addressed by the College's response and its initial AFSR. Based on that review and NCC's admission of noncompliance, the violations identified in the finding are sustained. The Department has also determined that NCC's corrective action plan meets minimum requirements. For these reasons, the Department has accepted NCC's response and considers this finding to be closed for the purposes of this program review. Nevertheless, the officials and directors of NCC are put on notice that they must continue to develop the College's fire safety program and also must take any additional action that may be needed to fully address the deficiencies and weaknesses identified by the Department as well as any deficiencies that were detected during the preparation of the College's response to the Department's report and as may otherwise be needed to ensure that these violations do not recur.

Although this program review finding is now closed, NCC is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" violations of this type once they occur. NCC was required to take remedial actions and by doing so, has taken steps to finally comply with the *Clery Act* as required by its PPA. Nevertheless, NCC officials must understand that compliance with the *Clery Act* fire safety requirements is essential to maintaining a safe and healthy learning environment, especially for those living in

campus housing. Violations of the type documented in this case deprived students and employees of important fire safety information to which they were entitled. For these reasons, the College is advised that its recent remedial actions cannot and do not diminish the seriousness of these violations nor do these efforts eliminate the possibility that the Department will impose an adverse administrative action and/or additional corrective measures as a result.

Finding 16: Required Drug and Alcohol Abuse Prevention Program Requirements Not Met - Multiple Violations

Citation: *The Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations require each institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse prevention program (DAAPP). The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.*

The DAAPP disclosure must include all of the following elements:

- *A written statement about an institution's standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;*
- *A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol;*
- *A description of the health risks associated with the use of illicit drugs and alcohol abuse;*
- *A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs that are available to students and employees; and,*
- *A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.*

The DAAPP disclosure must be actively distributed to all employees and students enrolled for academic credit (except for continuing education credits) on an annual basis. The distribution plan must make provisions for providing the DAAPP disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its DAAPP and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. The IHE must also produce a report of findings, maintain its supporting materials, and provide them to the Department upon request. 34 C.F.R. §§ 86.3 and 86.100.

Noncompliance Summary: *NCC violated multiple provisions of the DFSCA and the Department's Part 86 regulations. Specifically, the Institution failed to develop and implement a comprehensive DAAPP.*

NCC's DAAPP does not contain the following required components:

- 1. A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drug and alcohol; and,*
- 2. A fully developed description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to students and employees.*

In addition, NCC was also unable to provide any assurances or produce any documentation that the DAAPP was ever distributed on an annual basis to all employees and all students enrolled for academic credit.

Regarding the distribution aspects of this violation, the Institution chose to publish its DAAPP in its Student Handbook; however, the institution was not able to provide any evidence that the Handbook was actively distributed to all current students on an annual basis, especially to returning students who did not live on campus. The Institution could not provide any assurances that the annual DAAPP disclosure was ever actively distributed to employees.

Moreover, NCC was also unable to explain and document how the DAAPP was actively distributed to students who enroll at points in the academic year other than the point at which the DAAPP may be made available in some form. The review team identified the same concern regarding employees who were not on the payroll at the time that the Handbook was made generally available.

Finally, NCC failed to conduct a biennial review of the effectiveness of its DAAPP and of the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct and therefore, also failed to prepare a biennial review report of findings. In fact, the institution was unable to produce suitable records to show that a biennial review was ever conducted at NCC.

Required Action Summary: NCC is required to take all necessary corrective action to resolve these violations. At a minimum, The Institution must develop and implement a comprehensive DAAPP that includes all of the required elements found in the DFSCA and the Department's Part 86 regulations.

In addition, NCC must develop policies and procedures to ensure that all subsequent biennial reviews are conducted in a timely manner and are fully documented. Moreover, the Institution must take all other necessary action to ensure that these violations do not recur. These new policies also must address how the institution will ensure that the DAAPP disclosure will be distributed annually to every student who is currently enrolled for academic credit and to all employees.

NCC also must submit a copy of its new and revised policies and a draft copy of its DAAPP with its response to this program review report. Once the materials are reviewed and approved by the Department, the Institution will be required to distribute its DAAPP disclosure in accordance with the Part 86 regulations and provide documentation evidencing the distribution along with a statement of certification attesting to the fact that the materials were distributed in accordance with the DFSCA.

Furthermore, the Institution must 1) conduct a biennial review to evaluate the effectiveness of its drug and alcohol programs, to identify necessary improvements, and to assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct and 2) prepare a detailed report of its findings.

The biennial review report must describe the research methods and data analysis tools that will be used to assess the program's effectiveness and the consistency of its enforcement strategy. Additionally, the biennial review report must identify the responsible official(s) who conducted the biennial review. Finally, the report must be approved by the institution's chief executive and/or its governing board. The Institution's review must be completed by October 1, 2013 and its report must be submitted to the Department by October 15, 2013. Because the DFSCA went into effect in 1990, longstanding practice dictates that the biennial review is normally conducted in even-numbered years and that the biennial review report is to be completed in the same year as well; however, NCC's current and past failure to conduct a biennial review necessitates that such a review commence immediately. This will result in this and subsequent reviews to be conducted in the odd-numbered years going forward.

As noted above, the exceptions identified in this finding constitute serious violations of the DFSCA that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. NCC will be given an opportunity to conduct a meaningful review of its DAAPP and to bring its drug and alcohol programs into compliance with the DFSCA for the first time as required by its PPA. However, the institution is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department

will impose an adverse administrative action and/or require additional corrective measures.

Based on an evaluation of all available information, including NCC's response, the Department will determine if additional action will be required and will advise the Institution accordingly in the FPRD.

NCC's Response: In its response, NCC concurred with the finding and stated that the required remedial actions noted in the Department's report were taken. In addition, the College claimed that officials reviewed and revised the DAAPP and represented that the program and the disclosure distribution plan is now in compliance with regulatory requirements. Finally, NCC submitted documentation in support of its claims that remedial action was taken including materials that indicate that an initial biennial review was conducted.

Final Determination: Finding #16 of the PRR identified multiple violations of the DFSCA and Part 86 of the Department's General Administrative Regulations. Specifically, NCC failed to develop and implement a comprehensive DAAPP that addressed all program requirements. The review team also found that the College's DAAPP disclosure was similarly incomplete and that program materials had not been distributed to students and employees, as required. In addition, NCC persistently failed to conduct a biennial review to assess the effectiveness of the College's DAAPP and as a result, also failed to produce reports of findings and needed improvements. As a result of these violations, the College was required to take all necessary remedial action to address each component of the finding. In its response, NCC concurred with the finding and stated that remedial action was taken and submitted documents in support of its claims.

The Department carefully examined NCC's narrative response and supporting documentation. The review team's examination showed that the identified violations were, for the most part, satisfactorily addressed by the College's response. Based on that review and NCC's admission of noncompliance, the violations identified in the finding are sustained. The Department also determined that NCC's remedial action plan meets minimum requirements. For these reasons, the Department has accepted the response and considers this finding to be closed for purposes of this program review. Nevertheless, the officials and directors of NCC are put on notice that the College must take all necessary action to address the deficiencies and weaknesses identified by the Department as well as those that were detected during the preparation of the response to the Department's report and as may otherwise be needed to ensure that these violations do not recur.

Although this program review finding is now closed, NCC is reminded that the exceptions identified above constitute very serious and persistent violations of the DFSCA that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. NCC was instructed to develop a compliant drug and alcohol program and by doing so, has finally begun to address the conditions that led to

these violations. NCC has stated that it has brought its programming and operations into compliance with the *DFSCA* as required by its PPA.

While this is an important first step, NCC officials must understand that compliance with the *DFSCA* and the *Clery Act* are essential to maintaining a safe and healthy learning environment, especially in light of the fact that more than 90% of all violent campus crimes involve the use of abuse of drugs and/or alcohol. The compliance failures documented by the Department deprived students and employees of important information regarding the educational, financial, health, and legal consequences of alcohol abuse and illicit drug use. The failure to conduct biennial reviews also deprived the College of important information about the effectiveness of any drug and alcohol programs that were in place during the review period. For these reasons, NCC is advised that its remedial actions cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

Because of the serious consequences of such violations, the Department strongly recommends that NCC re-examine its drug and alcohol and general Title IV policies, procedures, and programs on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with Federal regulations. To that end, the College is reminded of its obligation to conduct comprehensive biennial reviews and to prepare substantive reports of findings and recommendations going forward. The Department understands that a more substantive review was not possible given the amount of work that had to be done in the relatively short timeframe allotted for the College to file its response; however, NCC is advised that its next report must contain substantially more information about the actual conduct of the review. Moreover, the findings and recommendations in the report must be supported by valid evidentiary data. The regulations governing the *DFSCA* can be found at 34 *C.F.R. Part 86*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of NCC's new DAAPP policies and procedures.

Findings with Final Determinations

The PRR finding requiring further action is summarized below. At the conclusion of the finding is a summary of NCC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on September 13, 2013 is attached as Appendix F.

Finding 4: Satisfactory Academic Progress Policy Not Adequately Monitored

Citation: *In order to be eligible to receive Title IV, HEA program funds, a student must maintain Satisfactory Academic Progress (SAP) in accordance with the institution's published standards of satisfactory progress. 34 C.F.R. § 668.32(f)*

An institution's policy must be the same or stricter than the satisfactory academic progress standards applied to a student who is not receiving Title IV, HEA program funds. 34 C.F.R. § 668.34(a)(1)

The policy must have both a qualitative component, such as grades, that are measureable against a norm and a quantitative component that consists of a maximum time frame in which the student must complete the educational program. 34 C.F.R. § 668.34(a)(4-5)

The policy should provide that a student's academic progress is evaluated at the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or for all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period. The policy should specify the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe allowed and provides for measurement of the student's progress at each evaluation. 34 C.F.R. §§ 668.34(3)&(5)

Also, the policy must define the effect of course incompletes, withdrawals, repetitions, noncredit remedial courses, and transfer credits from another institution on SAP, both GPA and pace of completion. Credit hours from another institution that are accepted toward a student's educational program must count as both attempted and completed hours. 34 C.F.R. § 668.34(a)(5-6)

If the institution places students on financial aid warning or financial aid probation, as defined in 34 C.F.R. § 668.34(b), the institution must have a policy that describes these statuses. This policy must also inform students that a student who is placed on financial aid warning is still eligible to receive Title IV, HEA funds for one more payment period despite the fact the student is not making SAP, and that a student on financial aid probation may receive Title IV, HEA funds for one payment period after an approved SAP appeal. At the end of one payment period the student must meet the institution's SAP standards or meet the requirements of the academic plan developed by the

institution, if the institution chooses to develop academic plans for financial aid probation students. 34 C.F.R. § 668.34(a)(8)(i-ii)

Noncompliance Summary: *In two instances NCC failed to properly monitor students in accordance with its SAP policy.*

Student #5: *Two SAP errors were found in this student's file. After Fall 2011, this student's completion rate was 64% with a 1.62 GPA. Based on NCC's SAP policy, which requires students with under 31.5 credit hours to maintain a 1.7 GPA with a 70% completion rate and students with 32 or more hours to maintain 2.0 GPA with a 70% completion rate, this student was not meeting the institution's SAP standards. NCC failed to place the student on warning after the Fall 2011 term.*

After the Spring 2012 term, the student had a completion rate of 56% with a .97 GPA. NCC placed student on a SAP warning when it should have made the student ineligible for federal funds. The student did not return to NCC for Fall 2012 so these errors did not result in any ineligible disbursements.

Student # 16: *At the end of Spring 2012 this student was made ineligible for federal funds due to not meeting SAP standards. The student filed an SAP appeal and was placed on a financial aid academic plan for the Fall 2012 term. The terms of the academic plan included completing 12 credit hours with a 2.0 or better GPA. The student was also required to complete 100% of attempted hours. Per NCC policy, grades of Audit (AU) are not acceptable and void the financial aid academic plan.*

At the same time, the student was also placed on an academic SAP plan. The academic advisor placed the student in an AU course without ensuring that it complied with the financial aid academic plan policy. By taking an AU course, the student voided their financial aid academic plan and was ineligible for aid during the Spring 2013 term. NCC disbursed aid to this student for the Spring 2013 term when the student should have been ineligible.

Required Action Summary: *NCC must review the above mentioned students' SAP history and provide an explanation as to how these students were eligible for the Title IV, HEA funds. If unable to provide an adequate response, NCC may incur a liability for the Title IV, HEA funds that were disbursed to the above mentioned students during the ineligible period.*

In addition, NCC must devise and implement procedures that will ensure, in the future, that SAP is properly monitored for all students.

NCC's Response: *In its response to the Department, NCC provided reviewers with the revised SAP procedures and the results of the review of the two students cited in the finding.*

NCC explained that SAP was originally processed on 12/31/2011 for Student #5. At this time the student's GPA was 1.86 with a completion rate above 70%. Based on that GPA and completion rate, the Financial Aid Office determined that the student was meeting SAP standards. After the Financial Aid Office processed SAP for this student, the Registrar's Office changed one of the student's grades. The Financial Aid office was not notified of this change and was unaware that a SAP recalculation was necessary.

Student #16 was placed in the audited course with the recommendation of their academic advisor. The Financial Aid office was also notified of this decision by the student's advisor. Since the PRR was issued, NCC has modified the terms of its SAP policy to allow students on academic plans to enroll in audited courses.

Final Determination: After reviewing NCC's response, the Department's findings of noncompliance are sustained. Student #5 should have been placed on financial aid warning as a result of the grade change. It is the responsibility of the college to ensure all appropriate offices are communicating student eligibility changes. A lapse in communication is not an adequate justification for failing to properly monitor students' Title IV, HEA eligibility.

The Department acknowledges that the Financial Aid Office was aware of the audited course and that it has since modified its SAP policy to allow students to audit courses while on academic plans. However, at the time of the review, NCC's policy restricted students from enrolling in audited courses while on academic plans. Based on the policy in place during this timeframe, Student #16 was ineligible for Title IV, HEA funds during the Spring 2013 term due to violating the terms of their academic plan. As a result of this determination, NCC incorrectly disbursed aid to an ineligible student. The disbursements impacted include \$2,300 in a Title IV, HEA Pell Grant that disbursed on 1/30/2013, 5,000 in a Title IV, HEA Unsubsidized Loan that disbursed on 1/28/2013, and \$3,250 in a Title IV, HEA Subsidized Loan that disbursed on 1/28/2013.

NCC is required to return the **\$2,300.00** in Federal Pell Grant funds to the Department for Student #16 who was ineligible for Title IV, HEA funds. Additionally, NCC is liable for the cost of funds associated with the improper use of Federal Pell Grant funds. The total cost of funds liability due to the Department as a result of the failure to return Pell Grant funds drawn improperly is **\$14.00** (\$14.24 in Federal Pell Grant interest, *rounded*). The interest charges were computed using the cost of funds for Federal Pell Grant Program published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of this determination. Detailed information about this cost of funds liability determination may be found in Appendix E.

NCC also improperly awarded and disbursed **\$8,250.00** in Direct Loan funds to Student #16. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector default rate available for

institutions such as NCC. As a result, the estimated actual loss that NCC must pay to the Department for these ineligible loans is **\$116.00** (\$115.81, *rounded*). A copy of this calculation is included as Appendix C.

NCC must notify the student in writing regarding payments made on their behalf. This notification must include the amount and the date of the payments.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows.

Liabilities	Pell (Closed Award Year)	ELF DL
Finding 4	\$2,300.00	\$116.00
Subtotal	\$2,300.00	\$116.00
Interest	\$14.00	
Subtotal	\$14.00	
TOTAL	\$2314.00	\$116.00
Payable To:	\$2,430.00	
Department		

Estimated Actual Loss (EAL):

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on NCC's most recent cohort default rate available.

The total amount of Direct Loan funds(subsidized and unsubsidized) disbursed to a student who violated SAP requirements during the 2012-2013 award year is **\$8,250.00**. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on NCC's most recent cohort default rate available. As a result, the estimated actual loss that NCC must pay to the Department for the ineligible loans is **\$116.00 (\$115.81 rounded)**. A copy of the results of that calculation is included as Appendix E.

E. Payment Instructions

Liabilities Owed to the Department

NCC owes to the Department \$2,430.00. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

U.S. Department of Education
P.O. Box 979026
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).

The following identification data must be provided with the payment:

Amount: \$2,430.00
DUNS: 068666536
TIN: 470489031
Program Review Control Number: 201330728266

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. NCC is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to NCC's account representative.

If full payment cannot be made within **45 days of the date of this letter**, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6114
Washington, DC 20202-4461

If within 45 days of the date of this letter, NCC has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due NCC from the Federal Government. **NCC may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, NCC must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

Direct Loan Estimated Actual Loss

Finding: 4

Appendix: C

DL Estimate Loss	
Amount	Award Year
\$116.00 (\$115.81 rounded)	2012-2013
Total	
\$116.00	

NCC must pay the amount reflected above in Direct Loan estimated loss liabilities for the award year(s) reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

Federal Pell Grant – Closed Award Year

Finding: 4

Appendix: E

NCC must repay:

Pell Grant Funds Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$2,300.00	\$14.00 (\$14.24 rounded)	Federal Pell Grant	2012-2013
Total Principal	Total Interest		
\$2,300.00	\$14.00		

The disbursement record for the student identified in Finding #4 must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the Appendix C.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the interest will be applied to the general program account.

A copy of the adjustment to the student's COD record must be sent to Bridget Johnston within 45 days of the date of this letter.

Prepared for
Nebraska Christian College

OPE ID: 01297600
PRCN: 201330728266

Prepared by:
U.S. Department of Education
Federal Student Aid
School Participation Division – Kansas City

Program Review Report

September 13, 2013

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A. Institutional Information

Nebraska Christian College
12550 South 114th Street
Papillion, NE 68046-4256

Type: Private, Nonprofit

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: Association for Biblical Higher Education

Current Student Enrollment: 125 (2012-2013)

% of Students Receiving Title IV: 74%

Title IV Participation (G5, Fiscal Operations Report)

	<u>2011-12</u>
Federal Pell Grant	\$284,352.00
Supplement Education Opportunity Grant (SEOG)	15,788.00
Federal Direct Loan (DL)	705,069.00
Perkins Loan	0.00
Federal Work Study	9,401.00

Default Rate FFEL/DL:	2010	6.3%
	2009	1.9%
	2008	2.5%

Default Rate Perkins:	N/A
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B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Nebraska Christian College (NCC) from April 29, 2013 to May 3, 2013. The review was conducted by Mr. Rick Moore and Ms. Kathy Feith.

The focus of the review was to determine NCC's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV, HEA programs. The review consisted of, but was not limited to, an examination of NCC's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2011-12 and 2012-13 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, seven files were selected for further review of Return of Title IV calculations, Federal SEOG, and Federal Pell Grant funds. Appendices A and B list the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning NCC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve NCC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by NCC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Failure to Resolve an Overpayment

Citation: The aggregate unpaid principal amount of all Direct Subsidized Loans made to a student (excluding the amount of capitalized interest) may not exceed the following:

- \$23,000 in the case of any student who has not successfully completed a program of study at the undergraduate level;

The total amount of Direct Unsubsidized Loans (excluding the amount of capitalized interest) may not exceed the following:

- For a dependent undergraduate student, \$31,000, minus any Subsidized Loan amount;
- For an independent undergraduate, \$57,500, minus any Subsidized Loan amount;
- For a graduate or professional student, \$138,500, minus any Subsidized Loan amount.

34 C.F.R. §685.203(d)-(e)

If an overpayment occurs from a student inadvertently receiving loan funds in excess of annual or aggregate loan limits, they are no longer eligible for Title IV, HEA funds until the student repays in full the excess loan amount; or makes arrangements, satisfactory to the holder of the loan, to repay that excess loan amount. *2012-2013 FSA Handbook Volume 4, Chapter 3*

Noncompliance: In one instance, NCC failed to resolve an overpayment of a Federal Subsidized Loan prior to disbursing Title IV, HEA program funds.

Student #24: This student's 2012-2013 ISIR contained a caution code due to an overpayment caused by the student reaching a \$23,001 aggregate in Federal Subsidized Loans. NCC awarded and disbursed \$4,342 in a Direct Unsubsidized Loan for the 2012-2013 award year. During the review, NCC was unable to provide documentation that the overpayment had ever been resolved.

Required Action: NCC must devise and implement policies and procedures to ensure that overpayments are resolved in accordance with federal regulation and guidance. Additionally, NCC must revise the student's NSLDS file with an overpayment flag until the matter is resolved. A copy of the policy and procedures, along with documentation supporting the change in NSLDS or resolution of the overpayment for Student #24, must accompany NCC's response to this report.

Finding 2. Improper Return of Title IV Funds Calculation and Policy

Citation: Federal regulations state that when a recipient of Title IV, HEA funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds (Return) calculation to determine the amount of Title IV, HEA grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a Return calculation identified in pertinent Federal regulations. *34 C.F.R. § 668.22*. Regulations additionally define "institutional charges" as tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally-related expenses assessed by the institution. *34 C.F.R. § 668.22(g)(2)*

At an institution such as NCC which is not required to take attendance, a student's withdrawal date is: (1) the date that the student began the withdrawal process; (2) the date the student provided official notification to the institution of his or her intent to withdraw; (3) if the student withdraws without providing official notification to the institution of his or her intent to withdraw, the midpoint of the payment period; (4) the date related to a student's circumstances beyond his or her control that did not allow the student to provide official notification to the institution; or (5) the date the student began a leave of absence if he or she fails to return from the leave of absence or if the leave of absence does not meet legal requirements. *34 C.F.R. § 668.22 (c)(1)*

The percentage of Title IV, HEA funds earned by the student is equal to the percentage of the payment period completed by the student's withdrawal date if this date occurs on or before the completion of 60 percent of the payment period; or 100 percent if the student's withdrawal date occurs after completion of 60 percent of the payment period. *34 C.F.R. § 668.22(e)(2)*. The percentage of unearned Title IV, HEA funds is the complement of the percentage earned. The amount of Title IV, HEA funds to be returned is determined by subtracting the amount of Title IV, HEA funds earned by the student from the amount that was disbursed to the student as of the date of the institution's determination that the student withdrew. *34 C.F.R. § 668.22(e)(3) and (4)*

The percentage of the payment period completed is determined at an institution such as NCC, where programs are measured in credit hours, by dividing the total number of calendar days in the payment period into the number of calendar days completed in that period as of the student's withdrawal date. *34 C.F.R. § 668.22(f)(1)*. As described in *34 C.F.R. § 668.22(f)(2)(i)*, the total number of calendar days in a payment period includes all days within the period, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period and the number of days completed in that period.

An institution must return as soon as possible the unearned Title IV, HEA funds for which it is responsible for returning but no later than 45 days after the institution's determination that the student withdrew. *34 C.F.R. § 668.22(j)(1)*

All institutions participating in Title IV, HEA student financial aid programs must make available to prospective and enrolled students, through appropriate publications, mailings, or electronic media, information about:

- The institution's refund policy;
- Requirements and procedures for official withdrawal; and
- Requirements for return of Title IV, HEA grant or loan aid.

HEA Sec. 485(a)(1)-(2); 34 C.F.R. §668.41(a)-(d); 34 C.F.R. §668.43(a)(2)-(4)

Noncompliance: In one instance, NCC failed to accurately calculate institutional charges during a Return to Title IV calculation.

Student #31: This student withdrew on 2/21/2012. In the Return of Title IV Funds calculation, NCC incorrectly calculated the institutional charges for the period. NCC listed the student's institutional charges as \$5,625 when the student's account card shows a total of \$8,950. While this error was present in the return calculation, it did not prevent NCC from returning the correct amount of aid to the department.

NCC also failed to adequately inform prospective and enrolled students of Return of Title IV Funds requirements. Specifically, NCC must inform prospective and enrolled students the procedures for officially withdrawing. The institution must also inform prospective and enrolled students that federal funds may not cover all unpaid institutional charges due to the institution upon the student's withdrawal.

Required Action: A revised Return of Title IV Funds calculation worksheet must be completed for Student #31. NCC must also provide written assurances that Return calculations will be calculated correctly in the future. A copy of the revised worksheet and the written assurances must accompany NCC's response to this report.

NCC must also revise its Return of Title IV Funds policy to include the missing or incomplete policy statements noted above. A copy of the revised policy should accompany NCC's response to this report.

Finding 3. Failure to Complete Verification

Citation: The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA program funds. If a student is selected for verification, an institution is responsible for confirming information reported on the student's application for Federal student aid, as well as resolving any conflicting information that presents itself regarding the application.

Prior to July 1, 2012, the five required data elements that must be verified are: (1) household size; (2) number enrolled in college; (3) adjusted gross income (AGI); (4) U.S. income tax paid; and (5) other untaxed income and benefits. Supporting documentation collected from the student or parents is compared to the information that was reported on the student's ISIR. An institution must retain in the student's file any verification documentation it collects to serve as evidence that it completed the verification process. *34 C.F.R. §668.16 (f); 34 C.F.R. §668.56; 34 C.F.R. §668.57*

Effective July 1, 2012, a notice will be published in the Federal Register for each award year regarding the Free Application for Federal Student Aid (FAFSA) information that an institution may be required to verify. For each applicant whose FAFSA information is selected for verification by the Department, the specific information that the applicant must verify will be published in 34 C.F.R. § 668.56. Section 34 C.F.R. § 668.57 in the regulations names documentation acceptable to satisfy the requirements of verification.

An institution must establish and use written policies and procedures for verifying an applicant's FAFSA information in accordance with regulations. These policies and procedures must include:

- The time period within which an applicant must provide any documentation requested by the institution;
- The consequences of an applicant's failure to provide the requested documentation within the specified time period;
- The method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's expected family contribution (EFC) changes and results in a change in the amount of the applicant's assistance under the Title IV, HEA programs;
- The procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and
- The procedures for making referrals to the Office of Inspector General of the Department of Education under 34 C.F.R. § 668.16(g). *C.F.R. § 668.53(a)*

An institution's procedures must provide that it will furnish, in a timely manner, to each applicant whose FAFSA information is selected for verification a clear explanation of:

- The documentation needed to satisfy the verification requirements; and
- The applicant's responsibilities with respect to the verification of FAFSA information, including the deadlines for completing any actions required under this subpart and the consequences of failing to complete any required action. *34 C.F.R. § 668.53*

An institution's procedures must provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution exercises any authority under section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC. *34 C.F.R. § 668.53(c)*

Noncompliance: One student file from the 2012-13 award year lacked the proper documentation to substantiate that NCC properly completed the verification process for that student.

Student #16: This student's verification documents indicate that the student's mother and stepfather filed taxes as married, filing separately for 2011. However, NCC failed to collect and include the stepfather's tax return during the verification process. As a result, only the mother's income was reviewed.

Required Action: In response to this report, NCC must resolve the verification deficiency for the above-referenced student. If the resolution of the issue involves changes to the student's EFC, NCC must recalculate the student's Title IV eligibility accordingly. If NCC is unable to properly complete the verification process for this student, the institution may be held liable for all Title IV, HEA funds disbursed to that student in the 2012-2013 award year.

In addition, NCC must devise and implement procedures that will ensure, in the future, the verification process is properly completed for all students. A copy of the procedures must accompany NCC's response to this report, plus a narrative detailing how NCC resolved the above mentioned verification deficiency.

Finding 4. Satisfactory Academic Progress Policy Not Adequately Monitored

Citation: In order to be eligible to receive Title IV, HEA program funds, a student must maintain Satisfactory Academic Progress (SAP) in accordance with the institution's published standards of satisfactory progress. *34 C.F.R. § 668.32(f)*

An institution's policy must be the same or stricter than the satisfactory academic progress standards applied to a student who is not receiving Title IV, HEA program funds. *34 C.F.R. § 668.34(a)(1)*

The policy must have both a qualitative component, such as grades, that are measureable against a norm and a quantitative component that consists of a maximum time frame in which the student must complete the educational program. *34 C.F.R. § 668.34(a)(4-5)*

The policy should provide that a student's academic progress is evaluated at the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or for all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period. The policy should specify the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe allowed and provides for measurement of the student's progress at each evaluation. *34 C.F.R. §§ 668.34(3)and(5)*

Also, the policy must define the effect of course incompletes, withdrawals, repetitions, noncredit remedial courses, and transfer credits from another institution on SAP, both GPA and pace of completion. Credit hours from another institution that are accepted toward a student's educational program must count as both attempted and completed hours. *34 C.F.R. § 668.34(a)(5-6)*

If the institution places students on financial aid warning or financial aid probation, as defined in 34 C.F.R. § 668.34(b), the institution must have a policy that describes these statuses. This policy must also inform students that a student who is placed on financial aid warning is still eligible to receive Title IV, HEA funds for one more payment period despite the fact the student is not making SAP, and that a student on financial aid probation may receive Title IV, HEA funds for one payment period after an approved SAP appeal. At the end of one payment period the student must meet the institution's SAP standards or meet the requirements of the academic plan developed by the institution, if the institution chooses to develop academic plans for financial aid probation students. *34 C.F.R. § 668.34(a)(8)(i-ii)*

Noncompliance: In two instances NCC failed to properly monitor students in accordance with its SAP policy.

Student #5: Two SAP errors were found in this student's file. After Fall 2011, this student's completion rate was 64%, with a 1.62 GPA. Based on NCC's SAP policy, which requires students with under 31.5 credit hours to maintain a 1.7 GPA with a 70% completion rate and students with 32 or more hours to maintain 2.0 GPA with a 70% completion rate, this student was not meeting the institution's SAP standards. NCC failed to place the student on warning after the Fall 2011 term.

After the Spring 2012 term, the student had a completion rate of 56% with a .97 GPA. NCC placed student on a SAP warning when it should have made the student ineligible for federal funds. The student did not return to NCC for Fall 2012 so these errors did not result in any ineligible disbursements.

Student # 16: At the end of Spring 2012 this student was made ineligible for federal funds due to not meeting SAP standards. The student filed an SAP appeal and was placed on a financial aid academic plan for the Fall 2012 term. The terms of the academic plan included completing 12 credit hours with a 2.0 or better GPA. The student was also required to complete 100% of attempted hours. Per NCC policy, grades of Audit (AU) are not acceptable, and void the financial aid academic plan.

At the same time, the student was also placed on an academic SAP plan. The academic advisor placed the student in an AU course without ensuring that it complied with the financial aid academic plan policy. By taking an AU course, the student voided their financial aid academic plan and should have been made ineligible for aid during the Spring 2013 term. NCC disbursed aid to this student for the Spring 2013 term when the student should have been ineligible.

Required Action: NCC must review the above mentioned students' SAP history and provide an explanation as to how these students were eligible for the Title IV, HEA funds. If unable to provide an adequate response, NCC may incur a liability for the Title IV, HEA funds that were disbursed to the above mentioned students during the ineligible period.

In addition, NCC must devise and implement procedures that will ensure, in the future, that SAP is properly monitored for all students. A copy of those procedures must accompany NCC's response to this report.

Finding 5. Failure to Award Federal Aid to Eligible Students

Citation: When an institution enters into a written program participation agreement (PPA) with the Department to receive Title IV, HEA program funds, that participation is conditioned upon the institution's compliance with the relevant regulatory requirements, as well as conditions set forth in the PPA 34 C.F.R. § 668.14(a)(1). An institution is responsible for paying Title IV, HEA funds to each eligible student pursuant to specific program requirements.

Regulations for the Federal Pell Grant Program require an institution to disburse a Federal Pell Grant to an eligible student who is otherwise qualified to receive that disbursement and electronically transmit Federal Pell Grant disbursement data to the Department for that student if:

- The student submits a valid SAR to the institution; or
- The institution obtains a valid ISIR for the student. *34 C.F.R. § 690.61*

Federal regulations state that an institution may refuse to originate a Federal Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the borrower in writing, and if:

- The determination is made on a case-by-case basis;
- The documentation supporting the determination is retained in the student's file; and
- The school does not engage in any pattern or practice that results in a denial of a borrower's access to Direct Loans because of the borrower's race, gender, color, religion, national origin, age, disability status, or income. *34 CFR §685.301(a)(8)*

Noncompliance: NCC awards and disburses federal aid to all eligible degree-seeking students who enroll in courses during the Fall and Spring terms. During interviews, NCC officials indicated that students may also enroll in online consortium courses during a summer term and could potentially enroll in enough credit hours to become eligible for Title IV, HEA program funds. NCC does not currently have any institutional policy that addresses the awarding and disbursing of Title IV, HEA funds to any student during the summer term, regardless of the student's eligibility.

Required Action: Effective for the 2013-2014 award year, NCC must allow eligible borrowers access to Title IV, HEA funds for all terms in which they are eligible. NCC must review and update its policies and procedures for awarding aid to include awarding and disbursing Title IV funds to eligible students during the summer term. NCC must research and develop cost of attendance budgets for the summer term that are appropriate for students based upon their enrollment status. NCC must also make information available to students on the procedures for applying for federal aid during the summer term and the cost of attendance budgets. A discussion of measures taken to resolve this finding, including copies of the updated policies and procedures and copies of the information that will be provided to students, must accompany NCC's response to this report.

Finding 6. Federal Supplemental Educational Opportunity Grant Funds Selection Policy Inadequate

Citation: In each award year, an institution must select its Federal Supplemental Educational Opportunity Grant (FSEOG) recipients from among those eligible students with the lowest EFC's who will also receive Federal Pell Grant funds in that award year. *34 C.F.R. § 676.10 (a)(1)*. If, after awarding FSEOG to all eligible Federal Pell Grant recipients, additional FSEOG funds remain, the institution must then award FSEOG to those eligible students with the lowest EFC's who did not receive Federal Pell Grant funds in that award year. *34 C.F.R. § 676.10(a)(2)*. A school must make FSEOG funds reasonably available (to the extent of available funds) to all eligible students. This requirement is contained in Article VI of the Program Participation Agreement between ED and the school. A school may not arbitrarily set an EFC cut-off from which below it would award FSEOG to the exclusion of other eligible students. *2012-13 Federal Student Aid Handbook, Volume 3, Chapter 6, pg. 3-124*

Noncompliance: NCC's FSEOG awarding policy indicates that funds are generally awarded to Pell-eligible students. The policy does not discuss how NCC determines award amounts for recipients. Review of student files indicated that the institution was not considering students with greatest economic need (lowest EFC) when determining award amounts for FSEOG. In several instances, NCC awarded students with a higher EFC larger FSEOG awards while several other students with zero EFCs received significantly smaller award amounts.

For example, Student #1 had an EFC of 1998 and received \$325 in FSEOG funds while Student #11 had an EFC of 0 and only received \$200 in FSEOG funds.

Required Action: NCC must update their FSEOG awarding policy and procedures to ensure compliance with all federal regulations. A copy of the revised policy and procedures must accompany NCC's response to this report and a written narrative.

Finding 7. Incorrect Federal Pell Grant Disbursement – Underpayment

Citation: If a student is enrolled in an eligible program that measures progress in credit hours and is offered in semesters, a student must be enrolled in at least 12 credit hours each semester to qualify as a full-time student. 34 C.F.R. § 690.63 (a)(1)(i). The Federal Pell Grant for a payment period for a student in a program using standard terms with at least 30 weeks of instructional time in two semesters is calculated by:

- Determining his or her enrollment status for the term;
- Based upon that enrollment status, determining his or her annual award from the Payment Schedule for full-time students or the Disbursement Schedule for three-quarter-time, half-time, or less-than-half-time students; and
- Dividing the amount by two at institutions using semesters, or by the number of terms over which the institution chooses to distribute the student's annual award if:
 - An institution chooses to distribute all of the student's annual award determined over more than two terms at institutions using semesters; and
 - The number of weeks of instructional time in the terms, including the additional term or terms, equals the weeks of instructional time in the program's academic year. 34 C.F.R. §690.63(b)

Noncompliance: In five instances, NCC incorrectly calculated students' Federal Pell Grant program eligibility.

Student #9: The student's EFC for the 2011-2012 award year was 0, resulting in a full-time scheduled Federal Pell Grant award of \$5,550. The student attended full-time during both the Fall and Spring semesters. NCC correctly awarded the student \$2,775 for the Fall 2011 term, but only disbursed \$2,081.50 in Federal Pell Grant funds to the student during the Spring 2012 term.

Student #11: The student's EFC for the 2011-2012 award year was 0, resulting in a full-time scheduled Federal Pell Grant award of \$5,550. The student attended full-time during both the Fall and Spring semesters. NCC only disbursed \$5,500 in Federal Pell Grant funds to the student for the 2011-2012 award year.

Student #24: The student's EFC for the 2012-2013 award year was 0 and the student had utilized 548.565% of their Pell lifetime eligibility. The student attended three-quarter-time during both the Fall and Spring semesters and was eligible for \$2,854.64 in Pell for the award year. NCC only disbursed \$2,140 in Federal Pell Grant funds to the student for the 2012-2013 award year.

Student #25: The student's EFC for the 2012-2013 award year was 0, resulting in a full-time scheduled Federal Pell Grant award of \$5,550. The student attended full-time during both the Fall and Spring semesters. NCC only disbursed \$5,500 in Federal Pell Grant funds to the student for the 2012-2013 award year.

Student #37: The student's EFC for the 2012-2013 award year was 0, resulting in a full-time scheduled Federal Pell Grant award of \$5,550. The student attended full-time during both the Fall and Spring semesters. NCC only disbursed \$5,500 in Federal Pell Grant funds to the student for the 2012-2013 award year.

Required Action: In response to this report, NCC must review and revise its internal policies and procedures to ensure that the institution has appropriate mechanisms in place to properly calculate and disburse the correct amount of Federal Pell Grant funds based on the student's EFC, enrollment status, and lifetime eligibility. A copy of these procedures must accompany NCC's response to this report.

Finding 8. Failure to Meet FWS Community Service Position Requirements

Citation Summary: Federal regulations state that an institution must use at least seven percent of the sum of its initial and supplemental Federal Work Study (FWS) allocations for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one:

- Reading tutoring project that employs one or more FWS students as reading tutors for children who are preschool age or are in elementary school; or
- Family literacy project that employs one or more FWS students in family literacy activities.

The Department may waive the FWS community service requirements if the Department determines that an institution has demonstrated that enforcing the requirements would cause a hardship for students at the institution.

To the extent practicable, in providing reading tutors for children, an institution must:

- Give priority to the employment of students to tutor in reading in schools that are participating in a reading reform project that is designed to train teachers how to teach reading on the basis of scientifically-based research on reading, and is funded under the Elementary and Secondary Education Act of 1965; and
- Ensure that any student who is employed in a school participating in a reading reform project receives training from the employing school in the instructional practices used by the school.

In meeting the seven percent community service expenditure requirement, students may be employed to perform civic education and participation activities in projects that:

- Teach civics in schools;
- Raise awareness of government functions or resources; or
- Increase civic participation.

To the extent practicable, in providing civic education and participation activities, an institution must:

- Give priority to the employment of students in projects that educate or train the public about evacuation, emergency response, and injury prevention strategies relating to natural disasters, acts of terrorism, and other emergency situations; and
- Ensure that the students receive appropriate training to carry out the educational services required.

34 C.F.R. § 675.18(g)

Noncompliance: During the program review, it was noted that the community service positions listed in Part IV, Section G on both the 2010-2011 and 2011-2012 Fiscal Operations Report and Application to Participate (FISAP) included only general library service positions that do not meet the Department's definition of community service employment. For both 2010-2011 and 2011-2012, NCC had one student employed as a reading tutor which allowed NCC to still meet the minimum requirements for the program.

Required Action: NCC must strengthen its job development procedures to ensure that work study positions are correctly categorized so NCC can continue to maintain the community service requirement. A copy of the strengthened procedures must accompany NCC's response to this report.

Finding 9. Incorrect Fiscal Operations Report and Application to Participate

Citation: To participate in the Federal Perkins Loan, FWS, or FSEOG program, an institution shall file an application before the deadline date established annually by the Secretary through publication of a notice in the Federal Register. The application for the Federal Perkins Loan, FWS, and FSEOG programs must be on a form approved by the Department and must contain the information needed by the Department to determine the institution's allocation or reallocation of funds under Sections 462, 442, and 413D of the HEA, respectively. *34 C.F.R. § 673.3*

Federal regulations state that by entering into a program participation agreement, an institution agrees that it will comply with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA, including the requirement that the institution will use funds it receives under any Title IV, HEA program and any interest or other earnings thereon, solely for the purposes specified in and in accordance with that program.

As a fiduciary responsible for administering Federal funds an institution will also establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Department or from students

under the Title IV, HEA programs, together with assurances that the institution will provide, upon request and in a timely manner, information relating to the administrative capability and financial responsibility of the institution to the Department. *34 C.F.R. § 668.14(b)*

To apply for and receive funds from the Department for one or more of the Campus-Based programs, an institution must submit a FISAP for each award year. The information reported on the FISAP must be accurate and verifiable, as it will be used in the funding allocation formula. The institution uses the Fiscal Operations Report portion of the FISAP to report its expenditures under the Campus-Based programs in the previous award year. *2012-2013 Federal Student Aid Handbook, Volume 6, Chapter 1*

Noncompliance: In one instance, NCC incorrectly calculated students' income for inclusion on the income grid of its 2012-2013 FISAP.

Student #3: On the school's institutional financial aid worksheet, the amount used for FISAP grid purposes (EFI) was \$49,584. The student's 2011-2012 ISIR shows the amount as \$53,051. Based on the ISIR data, the student should have been reported on Section F, Line 37 of the FISAP. NCC reported that there were '0' students for this amount of income. Therefore the student was placed in the wrong category.

Required Action: NCC must review and revise its internal policies and procedures to ensure all information provided on the FISAP in the future is correct. A copy of the revised policies and procedures must accompany NCC's response to this report

Finding 10. Inaccurate Reporting to the Common Origination and Disbursement (COD) System

Citation: An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with:

- Funds received from the Department; or
- Institutional funds used in advance of receiving Title IV, HEA program funds. *34 C.F.R. § 668.164(a)*

A school participating in the Direct Loan Program shall ensure that any information it provides to the Department in connection with loan origination is complete and accurate. A school shall originate a Direct Loan while the student meets the borrower eligibility requirements of 34 C.F.R. § 685.200. A school shall provide to the Department borrower information that includes but is not limited to:

- The borrower's eligibility for a loan, as determined in accordance with 34 C.F.R. § 685.200 and 34 C.F.R. § 685.203;

- The student's loan amount; and
- The anticipated and actual disbursement date or dates and disbursement amounts of the loan proceeds. *34 C.F.R. § 685.301(a)*

34 C.F.R. § 690.83 requires institutions to submit a student's payment data (including disbursement dates) to the Department by the reporting deadlines published in the Federal Register. Institutions are required to submit Federal Pell Grant and/or Federal Direct Loan disbursement records to the COD system no later than 15 days after making a disbursement or becoming aware of the need to adjust a student's previously reported disbursement information. The disbursement date to be reported to COD is the date that the institution credits funds to a student's account or pays funds to a student or parent directly. *COD Technical Reference, 2012-2013, Volume II*

Noncompliance: Student samples from both 2011-2012 and 2012-2013 contained numerous instances of incorrect reporting to COD. Frequent instances of inaccurate disbursement dates, cost of attendance budgets, and grade levels were found throughout the student sample. None of these errors resulted in an overaward for any of the students. Examples of the deficiencies are listed below.

Student #1: COD disbursement dates for this student did not match student account statements. COD shows a Pell disbursement date of 9/19/11, and the student account card shows a disbursement date of 9/20/11.

Student #10: The Pell record in COD for this student lists the cost of attendance budget as \$23,350, but institutional worksheets show the student's budget was actually \$19,750.

Student #18: This student successfully completed 21 credit hours and was eligible for loans as a first year student for Fall 2011. NCC awarded the student the correct loan amount, but the student's loan records in COD incorrectly classify the student as a second year student.

Required Action: NCC must revise its COD reporting procedures to ensure that the institution accurately reports the date that the institution disburses Title IV, HEA funds to each student's account, plus the grade level and the cost of attendance. A copy of these procedures must accompany NCC's response to this report.

Finding 11. Inaccurate National Student Loan Data System Reporting

CCitation: Federal regulations state that an institution must:

Upon receipt of a student status confirmation report from the Department, complete and return that report to the Department within 30 days of receipt; and unless it expects to submit its next student status confirmation report to the Department within the next 60 days, notify the

Department within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who:

- Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
- Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- Has changed his or her permanent address. *34 C.F.R. §685.309(b)*

Noncompliance: In six instances, NCC failed to properly and timely update student status information in NSLDS.

Student #4: This student attended NCC during the Fall 2011 term. NCC reported the student's withdrawal, but failed to report the student as having attended full-time during the Fall 2011 term.

Student #5: NCC failed to update this student's enrollment status in a timely fashion. NCC reported this student's enrollment status on 3/02/2012 and then on 5/14/2012, a 72 day lapse. NCC then reported this student enrollment status on 7/10/2012 and then on 9/20/2012, a 72 day lapse.

Student #8: This student withdrew after the Fall 2011 term. NCC incorrectly reported the student's withdrawal date as 12/11/2011 rather than the term end date of 12/15/2011.

Student #11: NCC incorrectly reported the term end date for the Fall 2012 term as 12/14/2012 and 12/16/2012 rather than the correct date of 12/13/2012.

Student #20: NCC incorrectly reported the term end date for the Fall 2012 term as 12/14/2012 and 12/16/2012 rather than the correct date of 12/13/2012.

Student #22: NCC incorrectly reported the term end date for the Fall 2012 term as 12/14/2012 and 12/16/2012 rather than the correct date of 12/13/2012.

Required Action: NCC must review the enrollment status of all students who were enrolled at the institution in the 2011-2012 and 2012-2013 award years to verify that the enrollment status is current, or update the enrollment status to bring it current. NCC is also required to review its procedures for reporting enrollment status changes to NSLDS and, as necessary, revise them. A discussion of the results of NCC's review of its 2011-2012 and 2012-2013 enrollment status reporting, and a copy of its NSLDS reporting policies and procedures should accompany the institution's response to this report.

Finding 12. Improper Authorization to Hold Title IV, HEA Credit Balances

Citation: Federal regulations state that an institution is permitted to hold credit balances if it obtains a voluntary authorization from the student (or parent, in the case of PLUS loan program funds).

In obtaining the student's or parent's authorization, an institution (1) may not require or coerce the student or parent to provide that authorization; (2) must allow the student or parent to cancel or modify authorization at any time; and (3) must clearly explain how it will carry out that activity. A school may include two or more of the items that require authorization in one statement. However, each component and term in the authorization must be conspicuous to the reader, and a student (or parent borrower) must be informed that he or she may refuse to authorize any individual item on the statement.

If a student or parent cancels an authorization to hold Title IV, HEA funds, the institution must pay those funds directly to the student or parent as soon as possible but no later than 14 days after the institution receives that notice. *34 C.F.R. § 668.165(b)(4)(iii)*

Notwithstanding any authorization obtained by the institution under this paragraph, an institution must pay any remaining balance on loan funds by the end of the loan period and any remaining other Title IV, HEA program funds by the end of the last payment period in the award year for which they were awarded. *34 C.F.R. § 668.165(b)(5)(iii)*

Noncompliance: NCC failed to develop an authorization form to permit Title IV, HEA credit balances to be maintained on student accounts that met the Department's requirements.

NCC's authorization form does not comply with the regulatory requirements because students are not notified that submission of the form is optional, and the forms contain no option for the student to decline any or all authorizations included on the form.

The form utilized by the institution does not explain what a credit balance is or how a credit balance is created. The form does not notify the student that he or she is entitled to receive a credit balance within 14 days of disbursement of the funds to the student's account or within 14 days of the student revoking an authorization to hold the funds. In addition, as currently written, the form does not inform the student that the institution is required to disburse any remaining credit balance to the student at the end of the loan period or last payment period of the award year (for other Title IV, HEA Funds) in which the funds were awarded.

Required Action: NCC must devise and implement procedures to ensure that, in the future, an appropriate written authorization is obtained from students or parents prior to holding Title IV, HEA credit balances, and that a student is given the opportunity to accept or decline each aspect of the authorization.

Additionally, NCC must revise its existing Title IV, HEA authorization form to comply with all applicable federal regulations. NCC is required to distribute the new form to all students for whom the institution is holding a Title IV, HEA credit balance and obtain the student's authorization to continue to hold the funds. A copy of the updated procedures, and a copy of the new authorization form should accompany NCC's response to the report.

Finding 13. Exit Counseling Not Performed

Citation: An institution must ensure that exit counseling is conducted with each Stafford loan borrower and graduate or professional student PLUS Loan borrower either in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that this counseling is conducted shortly before the student borrower ceases at least half-time study at the school, and that an individual with expertise in the Title IV, HEA programs is reasonably available shortly after the counseling to answer the student borrower's questions.

If a student borrower withdraws from school without the school's prior knowledge or fails to complete an exit counseling session as required, the school must ensure that exit counseling is provided through either interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after learning that the student borrower has withdrawn from school or failed to complete the exit counseling as required.

The school must maintain documentation substantiating the school's compliance with the exit loan requirement for each student borrower. *34 C.F.R. § 685.304(b) and 34 C.F.R. § 668.24(c)(v).*

Noncompliance: NCC failed to perform loan exit counseling for Student #1 and Student #5 upon the students' withdrawal from the institution. Reviewers were unable to find any documentation in the files for Student #1 and #5 that substantiate that exit counseling occurred.

Required Action: NCC must provide written assurances that future exit counseling will be performed for those students who graduate, or officially or unofficially withdraw before the end of the semester (or payment period).

Finding 14. Crime Awareness Requirements Not Met – No Annual Security Report

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in *34 C.F.R. § 668.46(b)*. With the exception of certain drug and alcohol program information, cross referencing to other publications is not

sufficient to meet the publication and distribution requirements. *§ 485(f) of the HEA; 34 C.F.R. § 668.46(b).*

The ASR must be published and actively distributed as a single document. Acceptable means of delivery include regular U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. *34 C.F.R. § 668.41(e)(1).* These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. *34 C.F.R. § 668.41 (e)(4).*

An institution's ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hate crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. *34 C.F.R. § 668.46(c)(1).*

The ASR also must include several policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the ASR itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. As noted above, all required statistics and policies must be included in a single comprehensive document.

Each institution must also submit its crime statistics to the Secretary for inclusion in the Department's "Campus Safety and Security Data Analysis Cutting Tool."
34 C.F.R. § 668.41(e)(5).

Noncompliance: NCC violated multiple provisions of the *Clery Act*. Specifically, the Institution failed to prepare and publish a materially-complete ASR and distribute it to all current students and employees in the required manner.

Department officials were able to confirm that NCC did in fact develop some campus safety policies and procedures and also published select campus crime statistics of the type required by the *Clery Act*; however, this material was never incorporated into a single publication containing all of the campus crime statistical data and policy disclosures required by 34 C.F.R. § 668.46(b). The ASR distribution violation logically follows from NCC's persistent failure to publish an ASR as required by the *Clery Act* and its Program Participation Agreement (PPA).

As a result of this systemic failure, the Department finds that NCC has failed to ever meet the ASR active distribution and notification requirements. The Department's review indicates that this compliance failure has persisted since the *Clery Act* (and its forerunner, the Student-Right-To-Know and Campus Security Act of 1990) was enacted.

NCC also failed to maintain a crime log. The *Clery Act* and the Department's regulations require institutions with a campus police or security department to maintain a written, easily understood daily crime log listing all crimes that occurred 1) on campus, including residence halls, 2) in non-campus buildings or on non-campus property, 3) on public property within the campus or immediately adjacent to and accessible from the campus, or 4) within the campus police or security department's patrol jurisdiction area. This reporting requirement applies to all crimes, not merely those crimes listed in 34 C.F.R. § 668.46(c)(1) and (3) of the *Clery Act*.

Failure to publish an accurate and complete ASR and to actively distribute them in accordance with Federal regulations deprives the campus community of important security information that can empower its members to be informed and play an active role in their own safety and security.

Required Action: As a result of this violation, NCC must develop and implement policies and procedures that will govern the preparation, publication, and distribution of ASR and ensure that it all facets of the process are carried out in a manner that meets Federal regulations. The procedures must also specifically articulate how prospective students and employees will be notified of the report's availability. Using the policies as a guide, NCC must prepare and publish an accurate and complete ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. § 668.46(b). A copy of the Institution's new and revised policies and procedures and its draft 2013 ASR must accompany its response to this program review report. Once the ASR is evaluated by the review team for accuracy and completeness, the Institution will be required to actively distribute it to all current students and employees in accordance with 34 C.F.R. § 668.41(e). In this case, NCC will be permitted to incorporate the required changes into its next regularly-scheduled ASR, which must be actively distributed no later than October 1, 2013.

Finally, NCC will be required to provide documentation to the Department evidencing the ASR distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the *Clery Act*. This certification must also affirm that the Institution understands all of its *Clery Act* obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly “correct” a violation of this type once it occurs. NCC will be given an opportunity to develop and distribute an accurate and complete ASR, and in so doing, finally begin to bring its overall campus security program into compliance with the *Clery Act* as required by its PPA. However, the Institution is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures.

NCC officials may wish to review the Department’s “Handbook for Campus Safety and Security Reporting” (2011) during the preparation of its response. The handbook is available online at: <http://www2.ed.gov/admins/lead/safety/handbook.pdf>. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Based on an evaluation of all available information including NCC’s response, the Department will determine if additional actions will be required and will advise the Institution accordingly in its FPRD.

Finding 15. Failure to Compile an Annual Fire Safety Report

Citation: As of October 1, 2010, the *Clery Act* and the Department’s regulations require that all institutions that receive Title IV, HEA funds and maintain an on-campus student housing facility must, by October 1 of each year, prepare, publish and distribute to its current students and employees through appropriate publications and mailings, an AFSR that contains, at a minimum, all of the statistical and policy elements described in 34 C.F.R. § 668.49(b). These institutions must disclose fire statistics for each on-campus student residential facility for the three most-recent calendar years. An institution’s statistics must accurately and completely identify the number of on-campus fires and the cause of each fire, the number of persons who sustained fire-related injuries that resulted in treatment at a medical facility (including on-campus health centers), the number of fire-related deaths, and the dollar value of property damage caused by such fires. 34 C.F.R. § 668.49(c).

In addition, the AFSR must include several fire safety information disclosures covering topics such as the type(s) of fire safety systems that are used in each student housing facility, the number of fire drills that were conducted during the previous calendar year, any institutional policies, procedures, and programs regarding: 1) the use and/or possession of portable electrical appliances; 2) smoking and the use/presence of open flames in student housing facilities; 3) evacuation procedures to be followed in the case of a fire; 4) fire safety education and training programs; 5) the institutional official(s) and departments to whom students and employees should report the occurrence of fires so that those incidents can be included in the institution’s annual fire statistics; and, 6) any plans for future improvements to the institution’s fire safety program. 34 C.F.R. § 668.49(b).

The AFSR must each be published and distributed as materially-complete, comprehensive publication. If an institution chooses to combine the ASR and AFSR and publish them as a single document then the title of both reports must conspicuously appear of the cover page. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all current students and employees that includes a direct link to each report (exact electronic address), a description of its contents, as well as an advisement that a paper copy will be provided upon request. The Department's regulations also require participating institutions to provide a notice to all prospective students and employees that includes a statement about the AFSR's availability, the content of each report, and the exact electronic address of each report, if posted to an internet or intranet site. This notice must also advise interested parties how to obtain a paper copy of the AFSR.

Finally, an institution is required to submit its campus crime and fire statistics to the Secretary on an annual basis. *34 C.F.R. § 668.41(e)(1)-(6)*.

Noncompliance: NCC violated multiple provisions of the *Clery Act* fire safety requirements. Specifically, the Institution failed to publish an AFSR and actively distribute it to current students and employees

As a result of this systemic failure, the Department finds that NCC has failed to ever meet the AFSR active distribution and notification requirements.

Failure to publish an accurate and complete AFSR and to actively distribute it to students and employees deprives interested persons of important fire safety information to which they are entitled. Access to this information permits campus community members, especially those who live in campus housing, to make well-informed decisions about where to work and study and empowers them to play a more active role in their own safety and security.

Required Action: As a result of this violation, NCC must develop and implement policies and procedures that will govern the preparation, publication, and distribution of the AFSR and ensure that all facets of the process are carried out in a manner that meets Federal regulations. The procedures must also specifically articulate how prospective students and employees will be notified of the report's availability.

Using the policies as a guide, NCC must prepare and publish an accurate and complete AFSR that includes all of the statistical disclosures and policy, procedure and programmatic information required under *34 C.F.R. § 668.49(b)*. A copy of the Institution's new and revised policies and procedures and its draft 2013 AFSR must accompany its response to this program review report. Once the AFSR is evaluated by the review team for accuracy and completeness, the Institution will be required to actively distribute it to all current students and employees in accordance with *34 C.F.R. § 668.41(e)*. In this case, NCC will be permitted to incorporate the

required changes into its next regularly-scheduled AFSR, which must be actively distributed no later than October 1, 2013.

Finally, NCC will be required to provide documentation to the Department evidencing the distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the *Clery Act*. This certification must also affirm that the institution understands all of its *Clery Act* obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the *Clery Act*'s fire safety requirements that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. NCC will be given an opportunity to publish and distribute an accurate and complete AFSR and in so doing, begin to bring its overall fire safety program into compliance with the *Clery Act* as required by its PPA. While enhanced safety is the Department's primary focus, we note that such improvements will likely result in a better risk management environment for the Institution as well. Nevertheless, the Institution is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures.

Based on an evaluation of all available information including NCC's response, the Department will determine if additional actions will be required and will advise the Institution accordingly in its FPRD.

Finding 16. Required Drug and Alcohol Abuse Prevention Program Requirements Not Met – Multiple Violations

Citation: The Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative Regulations require each institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse prevention program (DAAPP). The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

The DAAPP disclosure must include all of the following elements:

- A written statement about an institution's standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol;
- A description of the health risks associated with the use of illicit drugs and alcohol abuse;

- A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs that are available to students and employees; and,
- A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

The DAAPP disclosure must be actively distributed to all employees and students enrolled for academic credit (except for continuing education credits) on an annual basis. The distribution plan must make provisions for providing the DAAPP disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its DAAPP and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. The IHE must also produce a report of findings, maintain its supporting materials, and provide them to the Department upon request. *34 C.F.R. §§ 86.3 and 86.100.*

Noncompliance: NCC violated multiple provisions of the *DFSCA* and the Department's Part 86 regulations. Specifically, the Institution failed to develop and implement a comprehensive DAAPP.

NCC's DAAPP does not contain the following required components:

1. A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drug and alcohol; and,
2. A fully developed description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to students and employees.

In addition, NCC was also unable to provide any assurances or produce any documentation that the DAAPP was ever distributed on an annual basis to all employees and all students enrolled for academic credit.

Regarding the distribution aspects of this violation, the Institution chose to publish its DAAPP in its Student Handbook; however, the institution was not able to provide any evidence that the Handbook was actively distributed to all current students on an annual basis, especially to returning students who did not live on campus. The Institution could not provide any assurances that the annual DAAPP disclosure was ever actively distributed to employees.

Moreover, NCC was also unable to explain and document how the DAAPP was actively distributed to students who enroll at points in the academic year other than the point at which the DAAPP may be made available in some form. The review team identified the same concern

regarding employees who were not on the payroll at the time that the Handbook was made generally available.

Finally, NCC failed to conduct a biennial review of the effectiveness of its DAAPP and of the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct and therefore, also failed to prepare a biennial review report of findings. In fact, the institution was unable to produce suitable records to show that a biennial review was ever conducted at NCC.

Required Action: NCC is required to take all necessary corrective action to resolve these violations. At a minimum, The Institution must develop and implement a comprehensive DAAPP that includes all of the required elements found in the *DFSCA* and the Department's Part 86 regulations.

In addition, NCC must develop policies and procedures to ensure that all subsequent biennial reviews are conducted in a timely manner and are fully documented. Moreover, the Institution must take all other necessary action to ensure that these violations do not recur. These new policies also must address how the institution will ensure that the DAAPP disclosure will be distributed annually to every student who is currently enrolled for academic credit and to all employees.

NCC also must submit a copy of its new and revised policies and a draft copy of its DAAPP with its response to this program review report. Once the materials are reviewed and approved by the Department, the Institution will be required to distribute its DAAPP disclosure in accordance with the Part 86 regulations and provide documentation evidencing the distribution along with a statement of certification attesting to the fact that the materials were distributed in accordance with the *DFSCA*.

Furthermore, the Institution must 1) conduct a biennial review to evaluate the effectiveness of its drug and alcohol programs, to identify necessary improvements, and to assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct and 2) prepare a detailed report of its findings.

The biennial review report must describe the research methods and data analysis tools that will be used to assess the program's effectiveness and the consistency of its enforcement strategy. Additionally, the biennial review report must identify the responsible official(s) who conducted the biennial review. Finally, the report must be approved by the institution's chief executive and/or its governing board. The Institution's review must be completed by October 1, 2013 and its report must be submitted to the Department by October 15, 2013. Because the *DFSCA* went into effect in 1990, longstanding practice dictates that the biennial review is normally conducted in even-numbered years and that the biennial review report is to be completed in the same year as well; however, NCC's current and past failure to conduct a biennial review necessitates that such a review commence immediately. This will result in this and subsequent reviews to be conducted in the odd-numbered years going forward.

As noted above, the exceptions identified in this finding constitute serious violations of the *DFSCA* that by their nature cannot be cured. There is no way to truly “correct” a violation of this type once it occurs. NCC will be given an opportunity to conduct a meaningful review of its DAAPP and to bring its drug and alcohol programs into compliance with the *DFSCA* for the first time as required by its PPA. However, the institution is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures.

Based on an evaluation of all available information, including NCC’s response, the Department will determine if additional action will be required and will advise the Institution accordingly in the FPRD.

Finding 17. Consumer Information Requirements Not Met

Citation: The Higher Education Act of 1965 (HEA), as amended by the Higher Education Opportunity Act of 2008 (HEOA), includes many disclosure and reporting requirements. A disclosure requirement is information that a postsecondary education institution is required to distribute or make available to another party, such as students or employees. Additionally, the Code of Federal Regulations outlines required consumer disclosures in multiple areas, including 34 C.F.R. § 668 and others.

Noncompliance: The following required disclosure components are incomplete or missing at NCC:

National Student Loan Data System

All institutions participating in Title IV, HEA loan programs are required to inform student or parent borrowers that loans will be submitted to the National Student Loan Data System (NSLDS), and will be accessible by guaranty agencies, lenders, and institutions determined to be authorized users of the data system.

HEOA Sec. 489 amended HEA Sec. 485B(d)(4)

Vaccinations Policy

All institutions participating in Title IV, HEA student financial aid programs must annually make available to prospective and enrolled students, through appropriate publications, mailings, or electronic media, information about institutional policies regarding vaccinations.

HEOA Sec. 488(a)(1)(E); amended HEA Sec. 485(a)(1); Added HEA Sec. 485(a)(1)(V)

Completion/Graduation and Transfer-out Rates:

All institutions participating in Title IV, HEA student financial aid programs that enroll first-time, full-time undergraduate students, must annually make available to prospective and enrolled students, through appropriate publications, mailings, or electronic media, the following data:

- Institutions must disclose the completion or graduation rate of certificate- or degree-seeking, first-time, full-time, undergraduate students. The data must be made available by July 1 each year for the most recent cohort that has had 150 percent of normal time for completion by August 31 of the prior year.
- An institution that determines that its mission includes providing substantial preparation for students to enroll in another Title IV, HEA-eligible institution must disclose a transfer-out rate for each cohort. A student shall be counted as a completion or graduation if the student earns a degree or certificate or completes a transfer-preparatory program within 150 percent of normal time for the student's program.

Placement in Employment

All institutions participating in Title IV, HEA student financial aid programs must make available to prospective and enrolled students, through appropriate publications, mailings, or electronic media, information regarding the placement in employment of, and types of employment obtained by, graduates of the institution's degree or certificate programs. Institutions must identify the source of the placement information, and any timeframes and methodology associated with it.

Under this provision, institutions are not required to calculate placement rates, but an institution must disclose any placement rates it calculates for the institution or any program. *HEOA Sec. 488(a)(1)(E) amended HEA Sec. 485(a)(1); Added HEA Sec. 485(a)(1)(R); 34 C.F.R. §668.41(d)(5)*

Types of Graduate and Professional Education in which Graduates Enroll

All institutions participating in Title IV, HEA student financial aid programs that have 4-year degree programs, must make available to prospective and enrolled students, through appropriate publications, mailings, or electronic media, information regarding the types of graduate and professional education in which graduates of the institution's 4-year degree programs enroll.

Institutions must identify the source of the information, and any timeframes and methodology associated with it. *HEOA Sec. 488(a)(1)(E) amended HEA Sec. 485(a)(1); Added HEA Sec. 485(a)(1)(S); 34 C.F.R. §668.41(d)*

Notice of Availability of Institutional and Financial Aid Information

All institutions participating in Title IV, HEA student financial aid programs must annually distribute to all enrolled students a notice of the availability of the information that is required to be made available to students under the Family Educational Rights and Privacy Act of 1974 (FERPA). The notice must list and briefly describe the information and include a statement of the procedures required to obtain the information. For information listed in the notice that is disclosed on an institution's website, the notice must include the exact electronic address and a statement that the institution will provide a paper copy upon request. *HEA Sec. 485(a)(1); 34 C.F.R. §668.41(c); 34 C.F.R. §668.43*

Contact Information for Assistance in Obtaining Institutional or Financial Aid Information

All institutions participating in Title IV, HEA student financial aid programs must make available to prospective and enrolled students, through appropriate publications, mailings, or electronic media, information regarding how and where to contact individuals designated to assist enrolled or prospective students in obtaining institutional or financial aid information. HEA Sec. 485(a)(1)-(2); 34 C.F.R. §668.41(c); 34 C.F.R. §668.43; 34 C.F.R. §668.44

Voter Registration Forms

All institutions participating in Title IV, HEA student financial aid programs must:

- make a good faith effort to distribute a mail voter registration form (for federal elections and state elections for governor or other State chief executive) to each student enrolled in a degree or certificate program and physically in attendance at the institution;
- make the voter registration form widely available to students at the institution; and
- request the forms from the state 120 days prior to the deadline for registering to vote within the state.

This requirement does not apply to institutions in states that do not have a voter registration requirement or that allow voters to register at the time of voting.

The HEOA (Sec. 493(a)(1)) added the provision that an institution will be considered to be in compliance with the distribution requirement if the institution electronically distributes the voter registration form or an Internet address where such a form can be downloaded. The information must be in an electronic message devoted exclusively to voter registration.

HEOA Sec. 493(a)(1): amended HEA Sec. 487(a)(23); Added HEA Sec. 487(a)(23)(D)

Required Action: NCC must immediately make missing information available to students and employees online. Copies of revised consumer information dissemination policies and procedures, plus evidence of all updates in NCC publications, should accompany its response to this report.